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(Original Signature of Member)

110TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to provide additional incentives
for facilities producing electricity from wind.

IN THE HOUSE OF REPRESENTATIVES

Mr. WALZ of Minnesota introduced the following bill; which was referred to
the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide
additional incentives for facilities producing electricity
from wind.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PARTIAL EXEMPTION FROM PASSIVE ACTIVITY**

4 **LIMITATIONS FOR QUALIFIED WIND FACILI-**
5 **TIES.**

6 (a) IN GENERAL.—Section 469 of the Internal Rev-
7 enue Code of 1986 (relating to passive activity losses and
8 credits limited) is amended by redesignating subsections

1 (l) and (m) as subsections (m) and (n), respectively, and
2 by inserting after subsection (k) the following new sub-
3 section:

4 “(l) \$40,000 OFFSET FOR QUALIFIED WIND FACILI-
5 TIES.—

6 “(1) IN GENERAL.—In the case of any natural
7 person, subsection (a) shall not apply to that portion
8 of the passive activity loss or the deduction equiva-
9 lent (within the meaning of subsection (j)(5)) of the
10 passive activity credit for any taxable year which is
11 attributable to any interest of such person in a facil-
12 ity described in section 45(d)(1) (relating to wind fa-
13 cility).

14 “(2) DOLLAR LIMITATION.—The aggregate
15 amount to which paragraph (1) applies for any tax-
16 able year shall not exceed \$40,000.

17 “(3) SPECIAL RULE FOR ESTATES.—

18 “(A) IN GENERAL.—In the case of taxable
19 years of an estate ending less than 2 years after
20 the date of the death of the decedent, this sub-
21 section shall apply to any interest in a facility
22 described in section 45(d)(1) (relating to wind
23 facility) held by the decedent on the date of his
24 death.

1 “(B) REDUCTION FOR SURVIVING
2 SPOUSE’S EXEMPTION.—For purposes of sub-
3 paragraph (A), the \$40,000 amount under
4 paragraph (2) shall be reduced by the amount
5 of the exemption under paragraph (1) allowable
6 to the surviving spouse of the decedent for the
7 taxable year ending with or within the taxable
8 year of the estate.

9 “(4) MARRIED INDIVIDUALS FILING SEPA-
10 RATELY.—

11 “(A) IN GENERAL.— Except as provided in
12 subparagraph (B), in the case of any married
13 individual filing a separate return, this sub-
14 section shall be applied by substituting
15 ‘\$20,000’ for ‘\$40,000’ each place it appears.

16 “(B) TAXPAYERS NOT LIVING APART.—
17 This subsection shall not apply to a taxpayer
18 who—

19 “(i) is a married individual filing a
20 separate return for any taxable year, and

21 “(ii) does not live apart from his
22 spouse at all times during such taxable
23 year.”.

24 (b) EFFECTIVE DATE.—The amendments made by
25 this section shall apply to losses and credits taken into

1 account in taxable years beginning after the date of the
2 enactment of this Act.

3 **SEC. 2. CREDIT FOR ELECTRICITY PRODUCED FROM**
4 **QUALIFIED WIND FACILITIES ALLOWED**
5 **AGAINST ALTERNATIVE MINIMUM TAX.**

6 (a) IN GENERAL.—Subparagraph (B) of section
7 38(c)(4) of the Internal Revenue Code of 1986 (relating
8 to specified credits) is amended—

9 (1) by striking “and” at the end of clause (i),

10 (2) by inserting “(other than a facility de-
11 scribed in clause (iii))” after “facility” in clause
12 (ii)(I),

13 (3) by striking the period at the end of clause
14 (ii) and inserting “, and”, and

15 (4) by adding at the end the following new
16 clause:

17 “(iii) the credit determined under sec-
18 tion 45 to the extent that such credit is at-
19 tributable to electricity produced at a facil-
20 ity described in section 45(d)(1) (relating
21 to wind facility).”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years beginning after
24 the date of the enactment of this Act.